Exhibit 1-T (DD-IT)

BEFORE THE UTILITIES AND TRANSPORTATION COMMISSION OF WASHINGTON

In the Matter of the Joint Application of Verizon Communications Inc. and Frontier communications Corporation For An Order Declining to Assert Jurisdiction Over, or, in the Alternative, Approving the Indirect Transfer of Control of Verizon Northwest Inc.	))))))	Docket No. UT-090842

DIRECT TESTIMONY

OF

DOUGLAS DENNEY

ON BEHALF OF

INTEGRA TELECOM

November 3, 2009

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Douglas Denney. I work at 1201 Lloyd Blvd, Suite 500 in Portland, Oregon.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Integra Telecom, Inc., as Integra's Director of Costs and Policy. My job duties include negotiating interconnection agreements, monitoring, reviewing and analyzing the wholesale costs Integra or its subsidiaries pay to carriers such as Verizon, Qwest, and representing Integra and its affiliates on regulatory issues. I am also involved in Integra's review of ILEC performance assurance plans.

Integra Telecom, Inc. has 7 affiliated companies in Washington. These companies are: Electric Lightwave, LLC, Eschelon Telecom of Washington Inc., Advanced TelCom, Inc, OCG Telecomm Limited, Shared Communications Services, Inc., Oregon Telecom Inc., and United Communications, Inc. For convenience, I will generally refer to Integra Telecom, Inc. and its affiliates as Integra.

Integra operates in both the Verizon and Qwest territories in Washington. In total, Integra has more than 250,000 access line equivalents in Washington.

Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL BACKGROUND.

A. I received a B.S. degree in Business Management from Phillips University in 1988. I spent three years doing graduate work at the University of Arizona in Economics, and then I transferred to Oregon State University where I have completed all the requirements for a Ph.D. except my dissertation. My field of study was Industrial Organization, and I focused on cost models and the measurement of market power. I taught a variety of economics courses at the University of Arizona and Oregon State University. I was hired by AT&T in December 1996 and spent most of my time with AT&T analyzing cost models. In December 2004, I was hired by Eschelon Telecom, Inc. ("Eschelon). Eschelon was purchased by Integra in August 2007. I am presently employed by Integra.

I have participated in over 40 proceedings in the Integra operating territory. Much of my prior testimony involved cost models — including the HAI Model, BCPM, GTE's ICM, U S WEST's UNE cost models, and the FCC's Synthesis Model. I have also testified about issues relating to the wholesale cost of local service — including universal service funding, unbundled network element pricing, geographic de-averaging, and competitive local exchange carrier access rates. I testified on a number of issues in the Eschelon / Qwest arbitrations,[1] and have been involved in the Qwest and Verizon "non-impaired" wire center lists and related issues. I have also been involved in the performance assurance plans

[1] The docket numbers for the Qwest-Eschelon ICA arbitrations are, for Arizona, T-03406A-06-0572; T-01051B-06-0572 ("Arizona arbitration"); for Colorado, 06B-497T ("Colorado arbitration"); for Minnesota, P-5340, 421/IC-06-768 ("Minnesota arbitration"); for Oregon, ARB 775 ("Oregon arbitration"); for Utah, 07-2263-03; petition filed but no testimony yet ("Utah arbitration"); and for Washington, UT-063061 ("Washington arbitration").

that impact Integra. This includes negotiations of changes to performance plans to assure they provide meaningful incentives for wholesale service quality.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN WASHINGTON?

A. Yes, I have participated in numerous dockets in Washington. When with AT&T, I testified in docket UT-960369 in two separate phases with regard to shared transport and geographic deaveraging and was involved in all aspects of this docket providing witness support and reviewing compliance filings. I filed testimony again on geographic deaveraging in docket UT-023003 and provided witness support in that docket on other issues. I filed testimony in docket UT-033044, the original Triennial Review Order ("TRO") docket, which was suspended in the middle of the hearings when the D.C. Circuit Court remanded parts of the TRO to the FCC. When with Eschelon, which was subsequently purchased by Integra, I filed comments in docket UT-053025 regarding the impact of the TRO/TRRO on competition. As part of that docket I was involved in the "non-impaired" wire center list workshops and following investigations for both Qwest and Verizon.[2] I also participated in Qwest's AFOR docket, UT-061625, and its subsequent impact on Qwest's performance assurance plan as well as docket UT-073034 involving the Qwest and CLEC settlement regarding changes to Qwest's performance assurance plan and performance measures. I most recently testified in docket UT-063061 regarding the interconnection agreement arbitration between Eschelon and Qwest.

[2] See dockets UT-073033, UT-073035, and UT-083060.

Q. PLEASE DESCRIBE HOW YOUR TESTIMONY IS ORGANIZED.

A. The first section of this testimony describes Integra and my background. Section II of this testimony explains why it is important that Frontier commit to keeping in place its current wholesale agreements, including interconnection agreements. During a time of acquisition, transition and uncertainty, the knowledge that existing agreements will be maintained and available going forward is crucial. Section III of this testimony explains the importance of wholesale service quality standards with self-executing remedy payments. In this section I recommend that the Commission require Frontier to continue the performance reports currently provided by Verizon and that the Commission open a separate docket to review and implement a performance plan with self-executing remedy payments. Section IV concludes this testimony.

Q. ARE THERE ANY EXHIBITS TO YOUR TESTIMONY?

A. No.

II. WHOLESALE AGREEMENTS SHOULD BE MAINTAINED FOR A PERIOD OF THREE YEARS FOLLOWING THE ACQUISITION

Q. WHAT IS YOUR REQUEST WITH RESPECT TO THE WHOLESALE AGREEMENTS, INCLUDING INTERCONNECTION AGREEMENTS, IN PLACE WITH VERIZON IN WASHINGTON?

A. Integra recommends that Frontier be required to make existing wholesale agreements, including interconnection agreements, available for a period of 3 years. This condition is outlined in more detail in Exhibit 1 to Mr. Huesgen's

Testimony, Proposed Condition No. 7. In addition, Integra recommends that wholesale services will not be discontinued, unless approved by the Commission;[3] Frontier will not change special access / private line rates currently offered by Verizon without making a filing to request a tariff change nor will Verizon withdraw these offers;[4] and Frontier will allow carriers seeking to renegotiate their interconnection agreements to use pre-existing agreements as the basis for new negotiations.[5]

Q. PLEASE DESCRIBE THE INTERCONNECTION AGREEMENTS THAT INTEGRA AND ITS SUBSIDIARIES IN WASHINGTON HAVE WITH VERIZON NORTHWEST.

A. Integra's Washington affiliates operate pursuant to separate interconnection agreements with Verizon Northwest. There are separate Washington interconnection agreements between Verizon Northwest and each of the following Integra subsidiaries: Electric Lightwave, LLC., OCG Telecomm Limited, Advanced TelCom, Inc., Eschelon Telecom of Washington, Inc., and United Communications, Inc. In addition, some of these Integra companies also have commercial agreements with Verizon for the Wholesale Advantages Services Agreement. This is Verizon's UNE-P replacement product that combines the unbundled loop from a carriers' interconnection agreement with unbundled switching which Verizon is no longer required to offer at UNE rates.

---

[3] Huesgen Exhibit 1, Proposed Condition 1.

[4] Huesgen Exhibit 1, Proposed Conditions 2 and 11.

[5] Huesgen Exhibit 1, Proposed Condition 8.

Q. HASN'T FRONTIER'S WITNESS ALREADY TESTIFIED THAT FRONTIER WILL "ASSUME OR HONOR"[6] ALL THE EXISTING INTERCONNECTION AGREEMENTS THAT VERIZON-NORTHWEST HAS WITH COMPETITIVE CARRIERS IN WASHINGTON?

A. Yes, but Frontier's commitment does not alleviate our concern. Frontier witness McCarthy states, "Frontier will assume or honor all obligations under Verizon's current interconnection agreements, wholesale tariffs, and other existing wholesale arrangements in addition to complying with the statutory obligations applicable to all ILECs."[7] Frontier made a similar statement in response to a Commission staff data request. Specifically, Frontier stated that it "will assume and honor all obligations under Verizon's interconnection agreements and other wholesale arrangements per the terms of those agreements and arrangements, including the rates in these agreements that are in place at the time of closing. Frontier does not anticipate increasing rates for any interconnection or wholesale services." See Response to Comcast Data Request No. 3 (Aug. 13, 2009) (Attached as Exhibit DD-2).

Frontier's commitment is not much assurance. Integra's interconnection agreements are all in evergreen status, which means they simply continue in operation until a party requests termination. At that point the statutory time

---

6 Direct Testimony of Daniel McCarthy on Behalf of Frontier Communications Corporation, July 6, 2009 ("McCarthy Direct"), p. 53, line 17.

7 McCarthy Direct, p. 53, lines 17-20.

frames[8] associated with negotiating a new interconnection agreement would begin. The existing agreement would remain in effect only until the new agreement was completed.

Verizon also has flexibility with respect to many tariff rates. Honoring these tariffs does not mean that Frontier will not seek to increase or change rates, terms or conditions for private line or resale services that CLECs such as Integra rely; it simply means that Frontier plans to follow the existing processes to change rates. Integra's fear is that adding uncertainty to a time of instability will significantly impact Integra's ability to serve its customers in Washington.

From Integra's perspective, Frontier is promising to assume or honor contracts that it can terminate at any time. This is not much assurance.

Q. HOW LONG HAVE THE AGREEMENTS BEEN IN "EVERGREEN STATUS?"

A. The agreements with Verizon have been in evergreen status for approximately six years.

Q. DOESN'T THIS IMPLY THAT THE AGREEMENTS ARE OLD AND IN NEED OF REPLACEMENT?

A. No. The fact that the agreements are in "evergreen status" does not mean that the agreements are stale or out of date. In fact, the agreements have been amended for changes in law and changes in Integra's need for facilities from Verizon.

[8] 47 C.F.R. § 252(b) allows for a total of 9 months when a new agreement is requested. Parties may voluntarily extend this time frame.

When necessary, these agreements with Verizon have been amended to reflect the FCC's Triennial Review Order ("TRO")[9] and Triennial Review Remand Order ("TRRO").[10] In addition various agreements have been updated to provide for HDSL loops, updated collocation terms and pricing, routine network modifications, and fiber optic cross connects.

Q. WHY AMEND AN AGREEMENT WHEN AN ENTIRE NEW AGREEMENT COULD BE NEGOTIATED?

A. The agreements between Integra's affiliates and Verizon Northwest have been in place for many years. For example, the interconnection agreement between Verizon Northwest and OGT Telecomm Limited was entered into in 2000. The interconnection agreement between Verizon Northwest and Eschelon Telecom of Washington, Inc. has been in effect since 2002. Both Verizon and Integra are familiar with these agreements and have developed and become accustomed to a course of dealing and conduct with each other that in large measure satisfies the business needs of the parties.

---

9 *Report and Order and Order on Remand and Further Notice of Proposed Rulemaking*, Before the Federal Communications Commission, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, and Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket Nos. 01-338, 96-98 and 98-147, Released August 21, 2003 ("TRO").

10 *Order on Remand*, Before the Federal Communications Commission, In the Matter of Unbundled Access to Network Elements and Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket Nos. 04-313 and 01-338, Released February 4, 2005 ("TRRO").

In addition, as I mentioned previously, when needed these agreements have been amended to reflect the evolving nature of the relationship between the parties over the years.

Negotiation of a new agreement can be a painful, resource intensive and potentially long project. Though parties can enforce the time frames of the act, the time required for intensive, serious, good-faith negotiations would undoubtedly take longer than the nine months contemplated by the Act. For example, Eschelon negotiated its interconnection agreement with Qwest for years before disputed issues were brought before this Commission in Washington. And though Eschelon and Qwest were able to resolve a multitude of issues through negotiation, numerous issues remained that were arbitrated before this Commission.

Q. IF NEGOTIATION AND ARBITRATION IS SO MUCH WORK, WHY IS INTEGRA CONCERNED THAT FRONTIER MAY DECIDE TO TERMINATE THE AGREEMENT?

A. Unlike Integra, Frontier has no history with these agreements and may prefer to change things in ways that Integra can not anticipate. Mr. McCarthy states, "Frontier stands ready to put in place ***new interconnection agreements*** on ***substantially*** the same terms and conditions…"[11] In addition, Frontier has been unwilling to commit to the ongoing availability of the interconnection agreements for any substantial period of time. What Mr. McCarthy means by "***substantially***

[11] McCarthy Direct p. 54, lines 6-7 (emphasis added).

the same terms and conditions"[12] is unclear. This implies that there would be some changes and often the interpretation of the term *substantial* can vary depending on the perspective of the party seeking a change.

Thus, the transfer of these agreements to Frontier creates a concern for Integra that post-transaction Frontier may wish to terminate the interconnection agreements it has assumed that are in evergreen status and impose replacement interconnection agreements based on Frontier's template agreement, with which Integra is not familiar. That has the potential to create great uncertainty about the services and facilities that Integra purchases under those agreements and also could create the need for costly and time-consuming arbitrations, at a time when Frontier should be focused on integration activities and Integra would prefer to be focused on serving its customers in Washington.

Q. WHAT DOES INTEGRA PROPOSE TO ALLEVIATE THIS CONCERN?

A. Integra requests the Commission impose Proposed Condition Nos. 6-15 in Exhibit 2. The combined effect of these conditions will ensure that the wholesale supplier-user relationship that exists between Verizon Northwest and Integra's operating subsidiaries in Washington will remain largely undisturbed as a result of the transaction, which will in turn protect competitors and their customers in Washington from potential disruption that could harm telecommunications competition in the State.

[12] McCarthy Direct p 54, line 7 (emphasis added).

III. WHOLESALE SERVICE QUALITY REPORTS SHOULD CONTINUE AND THE COMMISSION SHOULD OPEN A SEPARATE DOCKET TO ESTABLISH A PERFORMANCE PLAN WITH SELF-EXECUTING REMEDIES

Q. WHAT IS YOUR REQUEST WITH RESPECT TO THE WHOLESALE SERVICE QUALITY?

A. Integra recommends that Frontier be required to continue to report on the service quality measures contained in the Carrier-to-Carrier Guidelines Performance Standards and Reports in Washington.[13] In addition, Integra recommends this Commission open a second proceeding, immediately following the acquisition, to investigate and establish self executing performance remedies in order to incent non-discriminatory performance for Frontier's wholesale customers. This condition is outlined in more detail in Exhibit JH-2, Proposed Condition No. 5.

Q. WHY IS INTEGRA CONCERNED WITH WHOLESALE SERVICE QUALITY AFTER THE ACQUISITION OF THE VERIZON PROPERTIES IN WASHINGTON BY FRONTIER?

A. Integra distinguishes itself through its customer relationships and its ability to offer customers reliable and diverse voice and data network. Because Integra relies, in part, upon network facilities leased from Verizon,[14] the quality of service received from Verizon, and subsequently Frontier, is an important component of

---

13 This document, dated May 15, 2006, currently applies to the Verizon properties in California, Florida, Indiana, North Carolina, Ohio, Oregon and Washington ("WA Verizon Performance Reports") and is available on the Verizon website at: http://www22.verizon.com/wholesale/clecsupport/content/1,,east-performancemeasures-pa,00.html.

14 Integra will continue to rely upon these same facilities after the Frontier acquisition.

Integra's ability to serve customers well. There are no generally available, last mile wholesale substitutes available to Integra to serve end user customers across the Verizon territories in Oregon and Washington. As a result, Verizon's and Frontier's behavior will have a significant impact on Integra's customer relationships. Since Frontier will be Integra's only supplier of connections to end user customers and Frontier will be Integra's largest competitor, Frontier will have the incentives and the ability to limit Integra's success in the market through poor wholesale service. This is why performance measures and a performance assurance plan are essential for the preservation of competitive markets across the Verizon territories in Oregon and Washington.

Frontier's gain from poor wholesale service performance translates directly to harm to CLECs and competition and subsequent gains to Frontier. The gains to Frontier are potentially reduced cost of providing wholesale service quality, wins in the competitive marketplace, and a potentially tarnished CLEC reputation. It also means poor service to consumers.

The end user customer demands reliable service and values met commitments. The end user customer rarely has the patience to take sides when its service no longer works or when its order is not filled on time -- the customer simply demands reliable service. The end user customer's experience is with its retail service provider regardless of who is providing the underlying network components. Thus, poor wholesale performance by Frontier necessarily negatively impacts the CLEC utilizing these facilities.

Q. HAS FRONTIER PROVIDED ANY ASSURANCES REGARDING ITS WHOLESALE PERFORMANCE AFTER THE ACQUISITION?

A. No. Mr. McCarthy only states Frontier will use "the same wholesale systems used by Verizon prior to closing."[15] He continues, "wholesale customers ***should not*** experience disruptions in service,"[16] and "***should*** continue to process orders in the same manner using the same OSS arrangements they utilized prior to the transaction."[17]

What Frontier is actually promising is unclear. Regardless, these statements make no guarantees with respect to wholesale service quality. Frontier appears willing to commit to the promise, but not the performance. This makes Frontier's statements of little value.

Q. WHAT HAS FRONTIER STATED WITH RESPECT TO RETAIL SERVICE QUALITY?

A. Regarding retail service quality Frontier has stated its objective is to "***maintain and improve*** the service that is currently provided."[18] Mr. McCarthy explains that the company's "***predominant business focus*** is delivering ***high quality*** wireline services,"[19] and Frontier commits to investing in its network to serve, "large

---

[15] McCarthy Direct p. 54, lines 16-17.

[16] McCarthy Direct p. 54, lines 18-19. (emphasis added).

[17] McCarthy Direct p. 54, lines 20-21. (emphasis added).

[18] McCarthy Direct p. 41, lines 12-13. (emphasis added).

[19] McCarthy Direct p. 47, line 19 (emphasis added).

business customers as well as residential and small business customers."[20] Lacking is any mention of wholesale customers, especially those who purchase unbundled network elements that will be used to compete directly with Frontier.

Q. WILL FRONTIER'S PROMISES WITH RESPECT TO RETAIL SERVICE PERFORMANCE BENEFIT WHOLESALE PERFORMANCE?

A. Not necessarily. Frontier's dichotomous role as being both the largest supplier of wholesale services to CLECs such as Integra, as well as being the largest retail competitor for these carriers will provide Frontier with the incentives to exploit this dual role for its own benefit in the marketplace.[21]

Frontier has already indicated that it will be looking for strategies to improve its company's bottom line. Mr. McCarthy states with respect to increased competition Frontier's, "focus on strategic choices have become increasingly important,"[22] and Frontier will look to "target resources into the most strategic operations."[23] He notes that competition has forced companies to "re-evaluate how they operate their business,"[24] "operate more efficiently"[25] and make

---

[20] McCarthy Direct p. 41, lines 7-8.

[21] Other agencies have recognized the inherent issues resulting from this dichotomous role. For example, the Minnesota commission said with respect to Qwest: "As a provider of monopoly and bottleneck wholesale services, as well as the best-known provider of retail services, Qwest has unparalleled opportunities to manipulate the wholesale service transfer process to its benefit." Order, *In The Matter of a Request by Eschelon Telecom for an Investigation Regarding Customer Conversion by Qwest and Regulatory Procedures*, Minnesota PUC Docket P-421/C-03-616 (July 30, 2003), p. 7.

[22] McCarthy Direct, p. 22, lines 12-13.

[23] McCarthy Direct, p. 13, lines 3-4.

[24] McCarthy Direct p. 12, line 9.

[25] McCarthy Direct p. 12, line 10.

customer retention "part of the everyday strategy."[26] At the same time Frontier discusses the realities of limited "capital resources"[27] and the need to "productively deploy its resources"[28] for the heath of the company.

Q. DOES FRONTIER HAVE EXPERIENCE PROVIDING WHOLESALE SERVICES SUCH AS UNBUNDLED NETWORK ELEMENTS?

A. While I am aware that Frontier does have some agreements to sell unbundled network elements across its current territory, it is my understanding that the degree and extent to which Frontier sells these services, compared with Verizon, is vastly limited. For example, Frontier currently has no access lines in Washington,[29] while Verizon has approximately 578,000.[30] Integra purchases significantly more loops from Verizon in Oregon and Washington than Frontier currently has access lines in these states.[31] When Mr. McCarthy discusses Frontier's experience in operating a telecommunications network such as the one being purchased in Washington, he makes no mention of Frontier's experience with wholesale customers.[32]

---

26 McCarthy Direct p. 12, line 11.

27 McCarthy Direct p. 13, line 3.

28 McCarthy Direct p. 12, lines 17-19.

29 McCarthy Direct pp. 5-6, chart starting at p 5, line 13.

30 *Joint Application*, In the Matter of the Joint Application of Verizon Communications Inc. and Frontier communications Corporation For An Order Declining to Assert Jurisdiction Over, or, in the Alternative, Approving the Indirect Transfer of Control of Verizon Northwest Inc., Docket No. UT-090842, May 29, 2009, ("Joint Application"), ¶ 9.

31 Frontier has 12,626 access lines in Oregon. McCarthy Direct pp. 5-6, chart starting at p 5, line 13.

32 McCarthy Direct p. 48, line 21 – p. 50, line 4.

The combination of Frontier's lack of wholesale experience, statements regarding competitive strategies, the lack of wholesale quality assurance and promises of retail performance improvement cause Integra concern regarding the direction Frontier will take with respect to wholesale performance.

Q. WHAT HAS BEEN INTEGRA'S RECENT EXPERIENCE WITH VERIZON'S WHOLESALE SERVICE QUALITY WITH RESPECT TO UNBUNDLED NETWORK ELEMENTS?

A. The testimony of Integra witness, Mr. Huesgen describes some of the recent issues Integra has experienced with Verizon.

Q. WHAT WOULD BE THE BENEFIT FROM REQUIRING A WHOLESALE SERVICE QUALITY PLAN FOR FRONTIER AFTER ITS ACQUISITION OF VERIZON?

A. A wholesale performance plan, with self-executing remedies would provide many benefits to the telecommunications market, and thus end user customers, in the current Verizon territories in Washington. First, the ability to track and monitor wholesale performance is crucial to a successful acquisition of the Verizon properties by Frontier. A broad range of measures and regular review of performance will allow all parties to monitor Frontier's performance and trends which will allow Frontier, hopefully, to implement corrective actions before poor performances escalates into costly, protracted disputes between parties. This is why it is crucial, as a minimum step, for this Commission to require Frontier to maintain the current Washington Verizon Performance Reports on an ongoing basis.

Second, a wholesale performance plan with self-executing remedies will assure that markets remain open to competition after the Frontier acquisition of the Verizon properties in Washington. The FCC has relied on the self-executing nature of remedies in performance plans to ensure that markets remained open after the regional bell operating companies ("RBOCs") obtained permission to enter interLATA, interstate long distance markets.[33] These plans were designed to address service quality issues; protect CLEC customers; provide mechanisms protecting the incumbent local exchange carriers ("ILECs") interests while recognizing the benefit of gaining 271 authority. The plans put into place in conjunction with the FCC's 271 Approval Order provided "assurance that the local market will remain open after [RBOC] receives section 271 authorization…"[34] The FCC views "the existence of a satisfactory performance monitoring and enforcement mechanism… as probative evidence that the BOC will continue to meet its section 271 obligations [i.e. wholesale competitive

---

[33] See for example, *Memorandum Opinion and Order*, In the Matter of Application by Qwest Communications International, Inc. for Authorization To Provide In-Region, InterLATA Services in the States of Colorado, Idaho, Iowa, Montana, Nebraska, North Dakota, Utah, Washington and Wyoming, WC Docket No. 02 - 314, Adopted December 20, 2002, ¶ 442 ("FCC 271 Approval Order").

[34] FCC 271 Approval Order, ¶ 440.

obligations] after a grant of such authority."[35] Further, the FCC concluded that the PAP provides "assurance that the local market will remain open ..."[36]

The same rationale that led to the creating of self-executing performance plans for the RBOCs exists in the Frontier acquisition. A self-executing performance plan can be used to make sure that Frontier's *strategic choices* are not made at the expense of CLECs in Washington. Since many measures in a self-executing performance plan can be benchmarked against Frontier's retail performance, a plan will also assure that as Frontier implements improved performance across the state, that all customers utilizing portions of the Frontier network will benefit from these improvements.

Third, a performance plan with self-executing remedies will provide Frontier with the proper incentives to remedy performance when necessary. Performance plans are designed to provide a wholesale provider with incentives to meet wholesale performance standards. If the plan provides for proper incentives to avoid poor service quality, then Frontier will avoid making payments under the Plan by improving its service relative to the standard it is being measured against (either a benchmark or Frontier retail parity). A large benefit of such a plan is that the ability to avoid payments simply by meeting performance benchmarks. For example, a review of Qwest's performance across the Qwest region has shown that with a self-executing performance plan in place, Qwest's overall performance

[35] FCC 271 Approval Order, ¶ 440.

[36] FCC 271 Approval Order, ¶ 440.

has improved over time.[37] Performance plans with self-executing remedies are are particularly essential because the expense of filing a Commission complaint for each individual service quality problem would typically greatly exceed the cost of the particular individual problem, while the cumulative significant adverse affect of poor service quality would be harmful to CLECs and competition. Therefore, the expense of litigating individual issues deters a CLEC's ability to obtain a remedy for those service quality problems.

Q. PLEASE DESCRIBE THE CURRENT WASHINGTON VERIZON PERFORMANCE REPORTS.

A. The Washington Verizon Performance Reports was initially developed as part of a settlement agreement between Verizon and CLECs in California.[38] It was intended to provide measures that would "allow the Commission to monitor improvements in OSS performance,"[39] but did not "address statistical tests and incentives."[40] Performance measures were broken into nine major categories which include, Pre-Ordering, Ordering, Provisioning, Maintenance, Network Performance, Billing, Collocation, and Interfaces.[41]

Pre-Ordering measures the responsiveness of Verizon's OSS pre-ordering interface. Pre-ordering activities include address verification, request for a

---

[37] Analysis of Qwest's Performance Assurance Plans Final Report, Prepared for the Qwest Regional Oversight Committee by Liberty Consulting Group, June 30, 2009 ("ROC Liberty Report"), pp. 25 and 39.

[38] Washington Verizon Performance Reports, p. 5.

[39] Washington Verizon Performance Reports, p. 5.

[40] Washington Verizon Performance Reports, p. 7.

[41] Washington Verizon Performance Reports, pp. 7-8.

customer service record, loop qualification and facility availability.[42] One pre-ordering activity that is not measured is timely and adequate responses from the Partner Solutions Customer Care Center ("PSCC"). This center handles the questions that the National Market Center is not responsible for knowing, which mainly regards pre-order information such as address validations, connecting facility assignment validation ("CFA") and loop qualification. Verizon currently refuses to assist by phone for issues other than system availability and passwords directing the CLECs to open trouble tickets via the electronic CLEC Self Service Ticketing Tool. This results in trouble tickets which often stay open for weeks and in some cases months. This function should be staffed and handled properly in a post transaction environment.

Ordering activities involve exchange of information between Verizon and the CLEC regarding requests for service. Ordering includes submission of a service request, rejection of service requests with errors, and confirmation of successful service requests with an assigned due date for delivery of the service.[43] A crucial measure among ordering is the measure OR-1 FOC/LSC Notice Timeliness. This measures the "percentage of valid service requests confirmed within the agreed upon timeframes."[44] Timely confirmations are crucial to Integra's ability to communicate accurately with its newly acquired customers and late or inaccurate

[42] Washington Verizon Performance Reports, pp. 7 and 21.

[43] Washington Verizon Performance Reports, p. 7.

[44] Washington Verizon Performance Reports, p.25.

information from Verizon will potentially sour Integra's relationships and integrity with the customers Integra is attempting to serve.

Provisioning includes activities that are required to install, change or disconnect a customer's service. Provisioning includes not only the functions to establish service, but also the communication between Verizon and Integra regarding the status of the provisioning process.[45] Crucial measures to Integra within this category include PR-7-2 which measures the timeliness of jeopardy notices;[46] PR-2 which measures the time it takes to complete the order;[47] PR-4-01 which measures the percent of installations not completed by the due date;[48] PR-4-02 which measures the time period that orders are not completed by the original due dates due to Verizon reasons;[49] PR-6-05 which measures the time it takes to restore problems that arise during the provisioning process;[50] and OR-4-18 which measures the percent of order completion notices returned with a specified time frame.[51] Each of these measures directly impacts Integra's customer's experience as it relates to its dealing with Integra. This experience is especially important as many of these orders involve setting up new service for customers and thus the experience that Integra is able to provide, which relies in part upon Verizon, can

45 Washington Verizon Performance Reports, p. 8.

46 Washington Verizon Performance Reports, p. 51.

47 Washington Verizon Performance Reports, p. 37.

48 Washington Verizon Performance Reports, p. 41.

49 Washington Verizon Performance Reports, p. 41.

50 Washington Verizon Performance Reports, p. 47.

5151 Washington Verizon Performance Reports, p. 33. The specified time frame depends on the interface used (i.e. EDI, Electronic Batch or other).

have long lasting impacts over the business life of the customer. One measure missing in the provisioning measures involves vender meets. This is the case where Verizon and Integra (or the customer's phone vendor) schedule a time to meet to ensure proper provisioning of working facilities. Missed appointment cost Integra money and can delay Integra's ability to provide service to its customer. A second measure missing in the maintenance category is timely notification of trouble status during out of service situations caused by Verizon order errors. Lack of status creates frustration for both Integra and its customers and impacts Integra's customer relationships.

Maintenance involves the repair and restoral of customer service. The ability to provide on-going, high-quality service relies most significantly on Verizon's maintenance performance.[52] Delays in repair or a customer's perception that it is receiving less attention from Integra than it could get elsewhere play a crucial role in Integra's ability to maintain customer relationships. Crucial measures within the maintenance category include MR-2, which measures the percent of circuits reporting trouble within a given month;[53] MR-4-01 which measures the time that it takes to resolve a reported trouble;[54] and MR-5-01 which measures the percentage trouble that result in a second (repeat) trouble report within a 30 day period.[55]

---

[52] Washington Verizon Performance Reports, p. 8.

[53] Washington Verizon Performance Reports, p. 56.

[54] Washington Verizon Performance Reports, p. 60.

[55] Washington Verizon Performance Reports, p. 64.

Network Performance involves Verizon's performance relating to call blocking on various network trunks. In addition this category includes a measure the timeliness into which NXX data is loaded into the LERG.[56] While these activities are important, because the involve the exchange of traffic between Verizon and Integra customers, Verizon poor performance can impact both companies and thus Verizon typically would have the incentive to perform in this category.

Billing involves both the exchange of information that Integra may need to bill its customers as well as the accuracy and timeliness of the bills that Verizon provides to Integra for facilities Integra leases from Verizon.[57] The most crucial measure, from Integra's perspective, in this category is BI-3 which measures billing accuracy. This measures the percent of a bill that needs to be adjusted due to billing errors.[58] Inaccurate billing causes a great amount of time and resources on the part of Integra to properly validate and dispute Verizon's bills. Integra should be able to expect accurate bills from Verizon. Billing is an area of great frustration for Integra. Both inaccurate bills and the ability to resolve disputes regarding inaccurate bills are of concern. The time that it takes to resolve disputes, promptly reflect payments, post payments to proper accounts and correct mis-applied payments is a source of growing concern as the Frontier acquisition proceeds. Integra experiences a lot of issues and Verizon is presumably familiar

[56] Washington Verizon Performance Reports, pp. 8, 66 and 68.

[57] Washington Verizon Performance Reports, p. 8.

[58] Washington Verizon Performance Reports, pp. 72.

with their processes, bills and rates. What will happen when Frontier takes over and is unfamiliar with systems, processes, bills and rates?

Collocation involves the timeliness of processing CLEC collocation requests.[59] While timely responses to collocation requests are important, the frequency of new collocations and augments to existing collocations is rare and thus a monthly measure of performance is of limited value.

Interfaces involves the availability of OSS interfaces and "is fundamental to the CLEC being able to effectively do business with the ILEC."[60] A crucial measure within this category is PO-3 which measures the average time it takes the work center to answer a call.[61] Integra would call this center this center when it has questions after the successful submission of an order. These questions might involve details regarding a reject or jeopardy notice, a missing firm order commitment, or Verizon service order errors. Integra's recent experience with Verizon during Verizon's workforce center transition is discussed in detail by Mr. Huesgen. This experience causes concern over the Frontier acquisition and stresses the importance of this measure.

Q. QWEST HAS A PERFORMANCE ASSURANCE PLAN IN WASHINGTON. HOW DOES THIS PLAN DIFFER FROM THE WASHINGTON VERIZON PERFORMANCE REPORTS?

---

59 Washington Verizon Performance Reports, p. 8.

60 Washington Verizon Performance Reports, p. 9.

61 Washington Verizon Performance Reports, p. 84.

A. The most significant difference between the Qwest Performance Assurance Plan ("QPAP") in Washington and the Verizon performance reports is the self-executing remedies contained in the Qwest plan. Qwest's plan calls for payments to CLECs, for each miss, when Qwest fails to meet the relevant performance standard. For most measures, Qwest pays $150 per miss for the first month a standard is missed. Importantly, when a standard is missed for consecutive months the per miss payment amount is ratcheted up, increasing as additional months are missed.[62] The performance payments, along with their escalation, provide Qwest with the proper incentives to remedy on-going performance issues covered by measures in the plan. As mentioned previously, with a self-executing performance plan in place, Qwest's overall performance has improved over time.[63]

Q. HOW DOES VERIZON'S PERFORMANCE COMPARE TO QWEST'S PERFORMANCE?

A. Typically Verizon's service quality performance is worse when compared to comparable service quality measures for Qwest. In addition, Verizon's performance has greater volatility. Table 1 below compares key maintenance measures for Verizon and Qwest for two-wire loops. Table 2 shows a similar comparison for DS1 loops. The average column shows the aggregated 2009 performance. The best and worst columns represent the best monthly average and

62 Performance Assurance Plan, Qwest Washington SGAT Eighth Revision, Eleventh Amended Exhibit K, December 3, 2008, § 6.2.2.

63 ROC Liberty Report, pp. 25 and 39.

worst monthly average over the time period (Jan 2009 – Sep 2009). While definitive conclusions cannot be drawn without a more thorough investigation as to the differences it does support Integra's perception that Verizon's service quality is generally lower and has a greater degree of variation than Qwest's service quality.

Table 1: Service Quality Comparison (Selected Measures) -- 2-wire loops

Selected Measures -- 2-wire loop aggregated data (Jan 2009 - Sep 2009)								
Measure		Measure Name	Average		Best		Worst	
Verizon	Qwest		Verizon	Qwest	Verizon	Qwest	Verizon	Qwest
PR-2	OP-4	Provisioning Interval	7.6	4.8	5.6	4.6	10.5	5.0
PR-4-01	OP-3	% of Due Dates Missed	8.0%	2.9%	3.8%	1.5%	22.4%	5.8%
MR-2	MR-8	Trouble Rate	0.52%	0.32%	0.42%	0.25%	0.68%	0.44%
MR-4	MR-6	Mean Time to Restore (hours)	27.2	7.2	17.8	5.2	36.2	12.7
MR-5	MR-7	Repeat Trouble Rate	10.82%	5.36%	5.63%	3.68%	17.14%	8.36%

Table 2: Service Quality Comparison (Selected Measures) – DS1 loops

Selected Measures -- DS1 loop aggregated data (Jan 2009 - Sep 2009)								
Measure		Measure Name	Average		Best		Worst	
Verizon	Qwest		Verizon	Qwest	Verizon	Qwest	Verizon	Qwest
PR-2	OP-4	Provisioning Interval	10.7	4.5	9.1	4.2	15.2	4.8
PR-4-01	OP-3	% of Due Dates Missed	11.9%	3.6%	3.7%	0.6%	16.7%	7.9%
MR-2	MR-8	Trouble Rate	1.05%	1.61%	0.86%	1.38%	1.58%	2.24%
MR-4	MR-6	Mean Time to Restore (hours)	17.2	3.8	9.7	2.9	31.2	5.7
MR-5	MR-7	Repeat Trouble Rate	9.03%	16.56%	0.00%	12.26%	21.43%	22.03%

Q. PLEASE SUMMARIZE INTEGRA'S RECOMMENDATIONS TO THIS COMMISSION REGARDING WHOLESALE PERFORMANCE STANDARDS.

A. Integra recommends that this Commission require Frontier to continue reporting service quality as described in the Washington Verizon Performance Reports. Frontier should be required to make CLEC specific data available to requesting CLECs as Verizon currently does today. In addition, Integra recommends that this Commission open a docket to (1) review, establish and adopt appropriate wholesale service quality measures and benchmarks to ensure that Frontier provides CLECs wholesale services at a level on par with the service it provides its own retail operations; and (2) establish and adopt self-executing remedies for instances where Frontier fails to satisfy the performance benchmarks.

IV. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.